# JTC CAR TABS
PAYMENT OPTIONS WORKGROUP

PRESENTATION TO THE JTC, NOVEMBER 17, 2021
ALLEGRA CALDER, CHLOE KINSEY, TAMARA POWER-DRUTIS & JULIA TESCH

<table>
<thead>
<tr>
<th>Fees and Donations</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration License - Renewal</td>
<td>$30.00</td>
</tr>
<tr>
<td>Vehicle Weight</td>
<td>$45.00</td>
</tr>
<tr>
<td>Registration Filing</td>
<td>$4.50</td>
</tr>
<tr>
<td>Registration Service Fee</td>
<td>$8.00</td>
</tr>
<tr>
<td>Department of Licensing Service</td>
<td>$0.50</td>
</tr>
<tr>
<td>License Plate Technology</td>
<td>$0.25</td>
</tr>
<tr>
<td>State Parks Donation</td>
<td>$5.00</td>
</tr>
<tr>
<td>University of Washington</td>
<td>$30.00</td>
</tr>
<tr>
<td>Transportation Benefit District - Seattle</td>
<td>$90.00</td>
</tr>
<tr>
<td>RTA Excise Tax</td>
<td>$353.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$556.25</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional Charges</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3% card payment fee</td>
<td>$16.69</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$572.94</strong></td>
</tr>
</tbody>
</table>
OUR TEAM / INTRODUCTIONS

Project Management, Options Analysis, & Recommendations

Allegra Calder
Project Manager

Julia Tesch
Deputy PM

Chloe Kinsey
Analyst

Jason Hennessy
Financial Analyst

Outreach & Engagement

Marcela Diaz
Engagement Lead

Diana Brown
Engagement & Strategy Support

Tamara Power-Drutis
Research Strategy

Zhonghao Zhang
Survey Design

Elise Van Deventer
Engagement Support

Strategic Advisors

Travis Dunn
Payment Systems

Henry Yates
Community Engagement

JTC Staff

Alyson Cummings, Project Manager

Paul Neal, Project Deputy
The Legislature directed the JTC to convene a workgroup to recommend options for payment of vehicle fees or taxes due at the time of application for vehicle registration.

Reasons for interest

- Increasing annual costs (sometimes over $200) for households
  - Transportation benefit districts
  - Motor vehicle excise taxes (Sound Transit district)
  - Fees for electric vehicles, weight, and service fees
- Growing income inequality and larger statewide focus on tax amounts and structure
- ~ 60% of drivers do not renew their registration until it has expired (JTC 2020 Vehicle Subagents Study)

Related recent studies

- JTC 2020 Vehicle Subagents Study
- DOL 2020 Study of Vehicle Registration Payment Plans
## WORKGROUP MEMBERSHIP

<table>
<thead>
<tr>
<th>Proviso Language: Workgroup Membership</th>
<th>Representative(s) Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Licensing</td>
<td>Jill Johnson and Carl Backen</td>
</tr>
<tr>
<td>County Agents</td>
<td>Eddie Cantu, King County Vehicle and Vessel Licensing</td>
</tr>
<tr>
<td>Vehicle Licensing Subagents</td>
<td>Jan Novak, Federal Way Licensing</td>
</tr>
<tr>
<td>Local Taxing Authority Imposing Vehicle License Fee/Tax</td>
<td>Alex Soldano, Sound Transit</td>
</tr>
<tr>
<td>City with or considering a rebate program</td>
<td>N/A</td>
</tr>
<tr>
<td>Vehicle owners subject to MVET</td>
<td>AAA, new hire to be confirmed</td>
</tr>
<tr>
<td>Vehicle owners subject to an electric car or transportation electrification fee</td>
<td>Grace Reamer, Drive Electric Washington</td>
</tr>
<tr>
<td>Advocate for multimodal transportation</td>
<td>Alex Hudson, Transportation Choices Coalition (TCC)</td>
</tr>
</tbody>
</table>
WORKGROUP CHARGE

Primary charge: To study and recommend vehicle fee payment options.

- The Workgroup’s **recommendations must include, but are not limited to**, the following:
  - Payment plan options
  - Recommended service fee structure for payment plans
  - Recommended service fee revenue allocation method
  - Options for reducing revenue loss due to missed payments, transfer of the certificate of title, or registration of a vehicle out of state
  - Process to allow agents and subagents to determine whether a vehicle owner has paid all taxes and fees prior to renewals
  - Options to provide or encourage rebates to vehicle owners who pay vehicle licensing fees due at registration or renewal
  - Options to reduce impacts to communities of color, low-income households, vulnerable populations, and displaced communities

- Report of findings and recommendations is due to JTC by September 30, 2022.

Trade-offs

- Mechanics of implementing payment plan options and impacts on where people renew and who collects service fees
- Equity implications
- Consumer experience and objectives
- Revenue and cost implications
- Alignment with state initiatives related to climate and tax policy
The current vehicle licensing system exists to carry out vehicle registrations and certificate of title transactions and to collect associated fees.

- **County agents** and **vehicle licensing subagents** process transactions on behalf of the State and collect service and filing fees.

- **DOL** processes a small share of transactions.

**Key Actors**

- Washington State DOL
- County agent offices
- County subagent offices
- Vehicle licensing representatives
- Vehicle dealerships
- Customers

**Who processes service fees?**

(statewide, 2019, by volume)

- 78% Subagents
- 20% County Agents
- 3% DOL
Everyone starts with the basic fees of $43.25 and things like vehicle weight, location, and taxes determine the final amount.

For more details: https://www.dol.wa.gov/vehicleregistration/fees.html

Source: Department of Licensing.
### ADDITIONAL FEES

For more details: [https://www.dol.wa.gov/vehicle-registration/fees.html](https://www.dol.wa.gov/vehicle-registration/fees.html)

<table>
<thead>
<tr>
<th>Fee</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTA and/or TBD</td>
<td>Vary significantly (see slides 10-11)</td>
</tr>
<tr>
<td>Electric Vehicle Fee</td>
<td>$150</td>
</tr>
<tr>
<td>Electrification Fee (EV/hybrid only)</td>
<td>$75</td>
</tr>
<tr>
<td>Credit card payments*</td>
<td>3% online; debit and credit card $2.25 at most offices; credit card is 3% if total is &gt;$75</td>
</tr>
</tbody>
</table>

*Checks and ACH transfers online - no fee*
FEE ALLOCATION

Service fees collected by the auditor/DOL go to the state ferry system capital vessel replacement account (CVRA).

Subagents retain service fees on subagent transactions.

Notes: Filing fees go to the County treasury except for 50 cents which is distributed to DOL then redistributed equally out to all counties. Fees deposited into Ferry System Capital Vessel Replacement Account (CVRA) which is used for the construction or purchase of ferry vessels and to pay the principal and interest on bonds authorized for the construction or purchase of ferry vessels, beginning with January 1, 2015, transactions. Total estimated revenue for the CVRA is $39.8 M in 2019-21.

TRANSPORTATION BENEFIT DISTRICTS AND REGIONAL TRANSIT AUTHORITIES

**Transportation Benefit District (TBD)**

- Cities and counties can form TBDs to fund transportation improvements
- Vehicle license fees are typical funding mechanism
  - Up to $50 without voter approval and up to $100 with approval
- **In WA:** 116 local TBDs
  - 60 have vehicle license fees ranging from $10 to $40

**Regional Transit Authority (RTA)**

- Can be established by 2+ contiguous counties with pop. of 400,000+ to develop and operate a high-capacity transit system
- Several funding mechanisms authorized
- **In WA:** Sound Transit; no other counties are eligible
  - Funding mechanism: motor vehicle excise tax (MVET)
  - Vehicle owners pay MVET as part of registration renewal
MOTOR VEHICLE EXCISE TAX (MVET)

- MVET paid by owners of different vehicles in Sound Transit district can vary greatly
  - Average annual payment is $139 (DOL 2020 study of vehicle registration payment plans)
- MVET revenues fund debt service on Sound Transit’s bonds, which finance construction projects
  - Debt service on bonds = little to no flexibility for Sound Transit
  - While the State Supreme Court did not rule specifically on this question when it was raised in the case around I-976, Sound Transit believes that these revenues have certain legal protections
- State law requires Sound Transit to reimburse DOL for administration and collection costs related to the MVET
**WORKGROUP OVERVIEW**

**CHARGE:** to recommend options for payment of vehicle fees or taxes due at the time of application for vehicle registration.

**MEETING SCHEDULE:** at least 5 meetings over the project

**APPROACH:**

1. Establish project goals - what are we trying to achieve and what are the trade-offs?
2. Define research questions and parameters
3. Develop evaluation criteria
4. Test ideas through engagement
5. Review engagement results and assess options through subcommittees
6. Draft recommended options

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**Workgroup Membership**

- AAA (*invited*)
- DOL
- Drive Electric Washington
- Federal Way Licensing (subagent)
- King County Records & Licensing
- Sound Transit
- Transportation Choices Coalition
ENGAGEMENT APPROACH

- Gain insight on the needs and barriers experienced when paying vehicle registration fees
- Identify shared underlying interests (e.g., equity and a workable system) even when there are different preferences about methods
- Identify community-recommended options for payment plans or alternatives
- Increase awareness of how the current system works, revenue and equity implications, as well as what is realistically open to change
Key Milestones:

- By July 15, 2022: Draft Recommendations
- September 1, 2022: Final Recommendations
- September 30, 2022: Final Report due to JTC
QUESTIONS FOR JTC

BEST CASE SCENARIO:

What are you most interested in learning through this study?

- Payment plan options
- Rebates

VLS perspective

Customer perspective

Who do you want to hear from?

- Customers
- Agents
- Subagents
- VLRs